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SUBJECT: SCENESETTER FOR FM CARRION VISIT

Classified By: PolChief Erik Hall for reasons 1.4 (b&d)

11. (C) Summary: Ecuadorian Foreign Minister Francisco Carrion will visit Washington to meet with Secretary Rice on March 23. The friendly but nationalist Carrion comes to Washington prepared to make a case for Ecuador. Carrion is concerned about current cuts in USG aid levels and will likely request relief, arguing Ecuador's strategic importance to regional counternarcotics efforts. We recommend the Secretary hear him out, emphasize the positive in our

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bilateral relationship, and cultivate Ecuador as an ally against regional and international threats. End Summary.

Background

12. (C) The March 23 meeting was requested by FM Carrion, who will build appointments with other Washington officials around it. Carrion has requested an appointment with G/TIP Ambassador Miller, which we support. Other calls include the OAS SYG and USAID, and could also include DOC, NSC, DOD and Congress. This is FM Carrion's first trip to Washington since becoming Foreign Minister in October, 2005. In his capacity as FM, Carrion met the Secretary once before, at the Summit of the Americas meeting in Mar del Plata. Prior to his appointment by President Alfredo Palacio, Carrion served as Ecuador's ambassador to Spain. The Ambassador met with Carrion on March 9 to discuss his visit to Washington.

Political Update

13. (C) President Palacio leads a weak caretaker government with an ambitious but unfulfilled agenda for political and economic change. This government's major democratic success has been the reconstruction of the judicial sector, with international oversight supported by the USG through the OAS. Other successes include record-breaking drug interdictions, a reinforced security presence on the sensitive northern border with Colombia, adding to the pressure against FARC elements in that region.

14. (C) Palacio's term (and very likely Carrion's) will end on January 15, 2007, he cannot run for re-election, and he has no political party support in Congress. National congressional and first round presidential elections will take place on October 15, 2006. A second round run-off between the two top presidential candidates will take place on November 26. The presidential field is still unsettled--the formal campaign period opens on July 15.

FTA

15. (C) Colombia followed Peru with a successful conclusion to its FTA talks on February 27. USTR will begin the round intended to conclude with the GOE on the same day as the call, on March 23. President Palacio is contemplating a visit to Washington to help close the deal, if a POTUS appointment can be arranged.

16. (C) To Carrion, we should emphasize the historic opportunity that an FTA represents for both of our countries. Privately, Carrion supports the FTA, while publicly remaining equivocal. With the Secretary, Carrion will likely argue that the strategic importance of Ecuador to our regional goals merits special consideration. We can respond that Colombia has done so as well, and the best indication of what Ecuador can receive as a result of that strategy can be seen in the agreement reached with Colombia. Crucial issues, like labor reform and commercial disputes, must be satisfactorily resolved to ensure U.S. Congressional consideration of an FTA.

Foreign Relations

17. (C) Palacio's government has maintained good relations with the U.S., after an initial flirtation with Chavez on economic assistance. Taking office after an irregular change of government, this government is eager to denounce and blame its predecessor for damage to democratic institutions, and uphold its sovereignty at all costs. It has therefore publicly denounced any perceived slights and infringements on its sovereignty by neighbors (e.g. a January 28 border incursion by Colombian forces pursuing the FARC on Ecuadorian territory), while pragmatically using dialogue to achieve greater cooperation or understanding. Relations with Colombia have since calmed, but the GOE harbors lingering resentment against about public statements on Ecuadorian measures against the FARC. Relations with Peru have been good since the 1998 peace treaty.

18. (C) In international fora, Ecuador has been a strong supporter of EU3 efforts against Iran in the IAEA, and an occasional ally on other issues. Carrion told the Ambassador the GOE has not yet taken a position on Guatemala's UNSC candidacy, is sympathetic to our arguments in favor, but faces a dilemma over traditional Andean solidarity (SepTel). Palacio has no respect for Chavez, but seeks USG support for his own inflated regional leadership aspirations. Carrion played an active role in support of Ecuadorian migrants while ambassador to Spain, and under his leadership Ecuador has joined with Mexico and the Central Americans to rally against U.S. Congressional proposals to tighten immigration restrictions.

The FM's Agenda

19. (C) Carrion's main message will very likely be that Ecuador deserves more resources and recognition from the U.S. for its CN and CT cooperation, and greater concessions in the FTA under negotiation. He has been prepped by his effective ambassador in Washington to discuss a range of issues, if raised, including:

- democratic progress in Ecuador;
- the FTA (agriculture and IPR concerns) and commercial disputes;
- GOE efforts against TIP;
- the social and military costs to Ecuador of Plan Colombia spillover;
- concern over U.S. assistance cuts and recognition of GOE

efforts to combat narcotics;

-- a request for USG cooperation on pending extradition requests from the GOE;

-- IADB and World Bank support for projects in Ecuador; and,

-- concerns over the treatment of migrants in the United States.

Suggested Points

¶10. (C) We recommend the Secretary emphasize general themes in bilateral relations, including:

Democracy:

- Support and concern for Ecuador's fragile democratic institutions.

Security/Rule of Law:

- Appreciation for Ecuador's CN and CT cooperation, including the FOL at Manta, which serves mutual interests.
- Willingness to cooperate on mutual law enforcement interests, at sea or on land, and including the GOE's requests for extradition of fugitives in the U.S.
- Recognition of Ecuador's recent efforts to combat TIP, which we hope will continue.

Economic Opportunity:

- The opportunities and responsibilities inherent in an FTA.
- Resolution of commercial disputes and labor reform.

Watch Out For - Manta-FTA Linkage, HRR, and Immunity Issues

¶11. (C) Carrion has publicly linked FTA negotiations with the Manta FOL, promising the Ecuadorian public that the GOE will use all means to ensure an FTA advantageous to Ecuador. We have publicly rejected any linkage of the two issues, asserting the (separate) mutual benefits each offers both countries. (The current Manta FOL agreement runs through 2009.)

¶12. (C) Carrion has publicly and privately objected to the recently-released annual human rights report, questioning the USG's right to criticize others and the report's lack of clear distinction between the human rights situation under presidents Gutierrez and Palacio. President Palacio was not happy with the report either, he said. Privately, the Ambassador has defended the Ecuador report to Carrion, explained the Congressional mandate to produce it to advance the cause of human rights worldwide and explained the methods used to produce it, which do not discriminate in any way against Ecuador.

¶13. (C) Carrion may raise immunity issues in the context of Article 98. To illustrate the depth of political opposition to an Article 98 agreement, he may raise damaging but unrelated immunity issues related to traffic accidents involving Embassy personnel, including one which resulted in a fatality. This issue is a red herring, but does in fact constrain the GOE politically. He is aware that both incidents have involved the payment of compensation to the satisfaction of the victims' families.

If Raised: Glyphosate Spraying

¶14. (C) Carrion's Foreign Ministry has continued to raise concerns about ill effects on Ecuadorian citizens from

glyphosate spraying taking place in Colombia near the Ecuadorian border to eradicate coca crops. The Colombian government has agreed to temporarily suspend spraying in a 10-kilometer strip along the border. Should Carrion raise the issue, the Secretary might remind Carrion that we believe eradication is essential to success against narcotrafficking and that the original OAS study showed no ill effects, and that the OAS/CICAD is conducting a second study about the drift of aerially-sprayed glyphosate and would welcome an Ecuadorian observer as part of the study.

Comment

¶15. (C) As a small country Ecuador views us with a combination of respect and resentment. Carrion will be very appreciative of the respect accorded him by receiving him at the Secretary's level, but will also seek the Secretary's acknowledgment of Ecuador's contributions to shared goals, especially its efforts against common foes. We should give him that, and seek to cement good relations without succumbing to GOE hand-wringing.

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